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TAGS: [ECIN](#) [ECON](#) [EFIN](#) [IT](#)
SUBJECT: DEMARCHE REPLY: ITALY WILL LET OTHERS LEAD ON CEE
ECONOMIC TROUBLES

REF: STATE 23758

Classified By: ECON MINCOUNS TOM DELARE FOR REASONS 1.4(B) AND (D)

11. (U) Econoff on April 3 discussed ref demarche and presented talking points to Francesco Galietti, a senior advisor to Minister of Finance and Economics Giulio Tremonti. Galietti was familiar with EU-wide efforts to conceive various measures to assist ailing economies in central and eastern Europe. He said Italy favored boosting the Solidarity Fund, over French objections and that Germany and Austria were in front on the issue, the former because it needs a strong (in all ways) buffer between it and Russia, and the latter because it has invested in that region much more than any other EU country. Galietti thinks the IMF is unlikely to provide more than life-support for the more deeply troubled economies, such as the Baltics, even with the newly announced influx of funds. The Italian MOF and Central Bank are keeping close watch on Italian banks' portfolios in the area. Post will probably have an opportunity to raise these points with more senior Treasury officials in the week ahead.
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